
UNIT 18 ORGANISATIONAL CHANGE

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18.0 OBJECTIVES

After reading this unit, you should be able to:

- discuss different forces which initiate change;
- analyse different models of change process;
- examine the process of resistance to change;
- describe the ways of overcoming the resistance to change;
- discuss the concept of the management of change;
- identify the targets of change;
- explain the strategies of change; and
- discuss how to build an effective organisation.

18.1 INTRODUCTION

The term change may be defined as the replacement of existing one with a new one. Change results in new opportunities, challenges and also some hardships. Change is inevitable in the life of an individual or organisation. A change in an organisation is known as organisational change, which refers to the setting up new production methods; producing new products; restructuring of organisation; adoption of information technology; change from public to private ownership or *vice-versa* etc. Organisations, which learn and cope up with change, will flourish and others, which fail to do, so, will disappear. Modern organisations are required to compete in a global market. Further technological developments resulted in changes in the methods of producing goods and services. All these developments make changes inevitable, pervasive, and

persistent in organisational life. In this Unit, you will learn the forces and process of change, their resistance and how to overcome resistance to change. You will further learn managing change, targets of change and strategies of change. You will be acquainted with how to build an effective organisation.

18.2 FORCES OF CHANGE

Organisations today operate in a very dynamic and changing environment. They have to make suitable changes from time to time to become competitive; to serve customers better; to be on par with latest technology; to maintain or to improve upon existing level of profits.

All the forces, which initiate changes, can be broadly divided into two categories: Internal Forces and External Forces. Let us learn them in detail.

Internal Forces

- i) **Change in Leadership:** A change in leadership of an organisation may result in change in perceptions, strategies, activities and results.
- ii) **Change in Employees Profile:** Some changes in employees profile are inevitable because of death, retirement, transfer, promotion, discharge or resignation. Women employment is on the increase. Further in the context of present day globalisation, employees are recruited from different national and cultural backgrounds. Human Resource policies and practices have to be reoriented to suit the diverse workforce.
- iii) **Change in Employees Morale and Motivation:** The changes in leadership, their policies and practices may affect the morale and motivation of the employees resulting in declining productivity, production and profits.
- iv) **Union Influence:** The influence of the union on many organisations in respect of recruitment, service conditions, wage rates etc. is still perceptible inspite of the implementation of policies of liberalisation by many Governments. The management will have to make suitable changes in response to demands of the union.
- v) **Implementation of New Technology:** Technological developments result in change of job, production process, and employee profile. More computers, automation; and reengineering programmes result in substantial changes in most of the organisations. The Internet has its profound impact on the markets of number of organisations. Biotechnology is another field where large number of products are likely to be created.

External Forces

- i) **Competition:** Global competition has come into existence. Mergers and acquisitions have been on the increasing trend. Organisations have to make suitable changes in response to the demands from the competition. They should acquire the capacity of developing new products rapidly and market them quickly. Short production runs, and short product cycles by equally flexible and responsive systems will be required to face these competitive challenges.
- ii) **Economic Fluctuations:** The fluctuations in security markets, interest rates, exchange rates etc. have continued to impose changes on organisations.

- iii) **Social Trends:** Increase in college attendance; delayed marriages by young couple; economic upliftment of women and backward communities etc. suggest changes, which are to be considered by organisations. All these result in fluctuations in the demand for products used by these groups.
- iv) **Global Politics:** Collapse of Soviet Union, the reunification of Germany, the policies of W.T.O., U.S attack on Afganistan and Iraq etc. have their impact on the business of different organisations, whose activities are related to such developments.

Look at Table 18.1 which shows all the internal and external forces initiating changes.

Table 18.1 : Forces of Change

Forces	Examples
External	
New technological development	Development of bio-technologyIT revolution
Changes in government policies	LiberalisationPrivatisation
Competition	Global competitionMergers and acquisitions
Economic fluctuations	Interest rate fluctuationsFluctuations in security
marketsExchange rate fluctuations	
Social trends	Increase in educated classEconomic upliftment of women and
reserved communitiesDelayed marriages	
Global politics	World Trade OrganisationCollapse of Soviet
UnionReunification of GermanyUS attack on Afganistan and Iraq	
Internal	
Change in leadership	Democratic leadership
Changes in employee profile	Increase in women employmentRecruitment from different
national and cultural backgrounds	
Changes in employee morale and motivation	Effect of changes in leadership
Implementation of new technology	Computerization of production processBusiness process re-
engineering	
Union influences	Union demands include : recruitment, service conditions, wage
rates etc.	

18.3 THE PROCESS OF CHANGE

A successful change process involves three steps :

- Identifying the need for change;
- Cultivating a new behaviour or substitute; and
- Feeling comfortable with the new situation.

Let us now consider two popular models of change process. The first one is Lewin's three-step model. Which is discussed below.

1.1.1 Lewin's Model

According to Kurt Lewin, the change process consists of three steps: i) Unfreezing the status co; ii) Movement to a new stage; and iii) Refreezing the new change to make it permanent. Look at Figure 18.1 which shows Kurt Lewin's change process.

Figure 18.1 : Lewin's Model of Change Process

Unfreezing is the process by which people are made to realise the need for change. Environmental pressures, declining performance, recognition of a problem or availability of a better way of doing things, may speed up unfreezing. While the driving forces of change are to be encouraged and the forces of resistance are to be discouraged. Changes introduced without undergoing this process of unfreezing are sure to fail due to unawareness and resistance on the part of the employees.

The second stage is the changing or moving stage. This involves taking action to modify a situation by changing things such as the people, tasks, structure and technology of the organisation.

The final stage in the change process is refreezing, which consists of making the new tasks, technologies, and relations relatively permanent. The introduced changes are thus reinforced and stabilised. When this stage of refreezing is not done, the changes introduced are likely to be abandoned within a short time or incompletely implemented.

Activity A

Take one latest incident of change in your organisation and explain the change process in terms of Lewin's Model?

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18.3.2 Continuous Process Model

The Lewin's model is very simple and straightforward. However it does not deal with several important issues. Hence the second model of change process continuous change process model has come into existence. This model treats the change from the perspective of top management. In this approach, the top management perceives that certain forces or trends call for change and the issue is referred to organisation's usual problem solving and decision-making process. The top management defines the goals to be attained after the change. Alternatives for change are also considered and evaluated, and an acceptable one is selected.

The top management may seek the assistance of a change agent – a person responsible for managing the change effort who may be a member of the organisation or an outsider. While an internal change agent is likely to know the organisation, people, tasks, political situations etc. very well; an outsider is likely to view

the situation more objectively. As per the direction and management of the change agent, the organisation implements the change through Lewin's model.

The final step in this model is measurement, evaluation and control. Through this process, the top management determines the effectiveness of the change process by evaluating various indicators of organisational productivity or employee's morale. Look at Figure 18.2 which shows change process model of organisational change.

Figure 18.2 : Change Process Model of Organisational Change

It takes time for employees to absorb even small changes. Much more time and effort may be required for employees to adapt to complex changes. Transition management is the process of systematically planning, organising and implementing change. Once the change starts, the organisation is neither in the old state nor in the new state. But the businesses will have to continue. Transition management ensures that business continues while the change is occurring. The members of the regular management team assume the role of transitional managers to co-ordinate organisational activities with the change agent. Communication about the change is an important step in transition management.

18.4 RESISTANCE TO CHANGE

Resistance to change is an attitude or behaviour that shows unwillingness to approve a particular change. This resistance is to be overcome for successful change. Sometimes resistance to change serves as a feedback to reconsider the proposed change. Thus resistance to change can also be used for the benefit of the organisation.

The essence of constructive approach to resistance is to consider objections raised and make suitable amendments and educate the employees about the proposed change. Resistance can be overt, implicit, immediate and differed. When it is overt and immediate, the management can take immediate remedial steps to deal with such resistance. Implicit resistance may result in loss of loyalty, loss of motivation, increased mistakes, increased absenteeism etc. In course of time, similarly differed resistance creates problem to the

management particularly when substantial amounts have already been invested in carrying out the change. Resistance to change may be introduced by the organisation, the individual or both.

We shall now examine the different sources of resistance either from organisation or from individuals.

Organisational Resistance

The following six major sources of organisational resistance have been identified.

- i) **Structural Inertia:** Every organisation has built in mechanisms or systems to maintain stability. It may be training and other socialised techniques or formulation procedures. The people are recruited; they are trained and they are shaped to behave in certain ways. When change is proposed in any of these systems and procedures, the existing employees may not accept it.
- ii) **Limited Focus of Change:** Organisations consist of interdependent sub-systems. We can't change one without effecting the other. If management desires to change the technological process without simultaneously modifying the organisational structure, the change in technology is not likely to be accepted.
- iii) **Group Inertia:** Some times even if individuals want to change their behaviour, group norms may act as a constraint.
- iv) **Threat to Expertise:** A change in the organisation may threaten specialised expertise developed by the individuals and groups over the years. Hence they are likely to oppose the change.
- v) **Threat to Established Power Relations:** Any redistribution of decision-making authority may threaten individuals' power relationship with others and leads to resentment.
- vi) **Resource Allocation:** The groups in the organisation, which control resources often consider change as a threat.

Individual Resistance

The reasons for resistance from individuals can be traced to basic human characteristics such as perceptions, personalities and needs. The following are the six reasons for individual resistance to change.

- i) **Habit :** The human beings prefer to carry out their daily jobs in the same way. Introduction of any new steps in carrying out the job makes them feel that the job has become difficult. So they resist this change.
- ii) **Security :** People with high need of job security are likely to resist the change which is likely to affect their feelings of safety. Introduction of new technological changes in an organisation may make the employees feel that their jobs are in jeopardy.
- iii) **Economic Factors :** Employees may feel that the proposed changes may reduce their monthly pay. Hence they oppose such changes.
- iv) **Fear of Unknown :** When the change is proposed, a known situation is sought to be replaced by an ambiguous and uncertain situation, which may not be liked by the employees. As a result, they develop a negative attitude towards the proposed change.
- v) **Lack of Awareness :** People may not be aware of the benefits of the proposed changes and consequently they resist those changes due to ignorance.

- vi) **Social Factors :** Individual employee may resist changes either because of the influence of the group or the union to which they belong. They may feel that if those changes are accepted, they may be ridiculed by their colleagues or the union officials.

Look at Figure 18.3 which shows sources of resistance to change.

Figure 18.3 Sources of Resistance to Change



Activity B

- 1) Interview some senior managers in the organisation and elicit the causes for organisational resistance to change.
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- 2) Interview some senior employees in the organisation and elicit the causes for individual resistance to change.
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5.5 OVERCOMING RESISTANCE TO CHANGE

When there is a resistance to change, the management has to take appropriate steps to overcome the resistance. The following six ways have been suggested for dealing with the resistance to the change:

- i) **Education and Communication:** The first approach to overcome resistance is through education and communication. Under this approach, the employees are educated about the change before it is implemented. This helps them to understand the logic of the change and its benefits. This method is the best method when resistance is based on inaccurate or incomplete information.
- ii) **Participation and Involvement:** Resistance to change can be reduced significantly by inviting the concerned employees to participate in its decision making process. They feel that it is their own proposal and consequently they stand by its implementation.
- iii) **Facilitation and Support:** This involves providing both emotional, training and financial assistance to employees experiencing the hardships of change.

- iv) **Negotiation and Incentives:** This approach Provides for negotiation with concerned employees and offers incentives to make them agree to the change.
- v) **Manipulation and Co-optation:** This method consists of attempts to influence the employees and more especially, the opinion makers, through some special benefits or providing more attractive information or by withholding undesirable information.
- vi) **Coercion:** This is the application of direct threats or force upon the resisters. The threats may consist of transfer, loss of promotion, retrenchment etc.

Look at Table 18.2 which shows methods of overcoming resistance to change.

Table 18.2 : Overcoming Resistance to Change

Method	Use when	Advantages	Disadvantages
Education & communication		People lack information or have inaccurate information	
Creates willingness to help with the change			Can be very time consuming
Participation & involvement		Other people have important information and/or power to resist	
Adds information to change planning; builds commitment to the change			Can be very time consuming
Facilitation & support		Resistance traces to resource or adjustment problems	Satisfies
directly specific resource or adjustment needs			Can be time consuming; can be expensive
Negotiation & agreement		A person or group will lose something because of the change	
Helps avoid major resistance		Can be expensive; can cause others to seek similar deals.	
Manipulation & cooptation		Other methods don't work or too expensive	Can be quick and
inexpensive	Can create future problems if people sense manipulation		
Explicit & implicit coercion		Speed is important and change agent has power	Quick;
overpowers resistance		Risky if people become crazy	

18.6 MANAGING CHANGE

Finally we consider the factors influencing successful management of organisational change. The following six factors are to be considered in this context:

- i) **Environmental Influences:** Environment is an important factor in bringing about organisational change. The demands of the environment have to be considered in finalising the change. The environmental complexities increase as the area of the organisation's operations increase – local, regional, national and international. Further acceptance of change varies widely from place to place and from culture to culture. Moreover, the techniques to be adopted for managing change also differ from country to country.
- ii) **Whole View of the Organisation :** It is always necessary that managers should take whole view of organisation while proposing change. A partial view can affect the change effort adversely.
- iii) **Support of Top Management:** The success of any change effort depends to a large extent on the support of top management. Complaints may be made against the change proposals of local/regional managers to the top management. Therefore, unless the top management is informed in advance and their support is ensured, problems may arise and the local/regional management may fail in implementing the change.
- iv) **Employee's Participation:** Employees or their representatives may be invited to participate in discussions relating to the proposed change. If they are given a role in designing the change, they are likely to cooperate with the management in implementing the change.

- v) **Open Communication:** Open communication between management and employees is an important factor in managing the change. Employees are likely to have certain misapprehensions about the change and unless correct information is provided through open communication system, the change efforts are likely to fail.
- v) **Incentives and Rewards:** Employees who are responsible for the successful implementation of the change should be recognized and appropriately rewarded. Sometimes people who resist in the beginning or oppose throughout are given more importance than employees who support the change right from the beginning. Employees who support the change actively and help others adjust to changes deserve special recognition by way of news release; special consideration in performance appraisal; an increment in pay or a promotion etc. Look at Table 18.3 which shows the factors and impact of managing change.

Table 18.3 : Managing Change

Key	Impact
Environmental influences	A major factor influencing the change
Whole view of organisation	Comprehensive effect on the Organisation
Support of top management	Minimises the problems while implementing the change
Employee's participation	Cooperate with the implementation of change
Open communication	Minimises misapprehensions
Incentives and rewards	Encourages employees to cooperate with management

Activity C

Select any Organisation where change has been successfully implemented and identify the causes for successful implementation of that change?

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18.7 TARGETS OF CHANGE

The change is usually carried out with a view to improve the performance of one or more of the following four elements:

- i) **Human Resources:** Human Resources constitute the most important asset of an organisation. The competencies and the overall success of an organisation depend on the quantity and quality of its

employees. Hence the organisations will have to find out most effective way of motivating human resource. The efforts in this context, include:

- Additional investment in training and development activities to enable employees to acquire new skills and abilities,
- Integrating employees with the organisational culture,
- Changing organisational norms and values to motivate multicultural and diverse work force, and
- Institution of promotion reward systems applicable to a diverse workforce.

- ii) **Functional Resources:** Each organisational function needs to develop procedures, which will help the organisation to manage the environment. As environment changes, organisations often transfer resources to the functions where maximum value can be created. An organisation can improve the value by changing its structure, culture and technology.
- iii) **Technological Capabilities:** Technological capabilities provide a wonderful opportunity to change itself in order to exploit market opportunities. This will help the organisation either in developing new products or improving the existing products or improving the production process.
- iv) **Organisational Abilities:** The design of an organisation structure and culture helps an organisation to harness its human and functional resources to exploit technological opportunities. The ability of people and functions can be increased by making suitable changes in their relationships.

Thus, the proposed change should aim at improving the performance of either human resources, functional resources or technological capabilities or organisational abilities.

Look at Figure 18.4 which shows the targets of change :

Figure 18.4 : Targets of Change

Activity D

- 1) Identify the organisations where the changes are initiated and find out the methods adopted for bringing change in human resources.

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2) Identify the organisations where the changes are initiated and find out the methods adopted for bringing change in functional resources.

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3) Identify the organisations where the changes are initiated and find out the methods adopted for bringing change in technological capabilities.

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4) Identify the organisations where the changes are initiated and find out the methods adopted for bringing change in organisational abilities?

18.8 STRATEGIES OF CHANGE

An appropriate strategy for implementing the change is to be followed to get the best results from proposed changes. The strategies of changes can be classified into two categories:

- i) Evolutionary – which is gradual, incremental and specifically focused
- ii) Revolutionary – which is sudden, drastic and organisation wide

Managers who choose an evolutionary strategy make incremental changes to organisational strategy and structure. On the other hand, managers who choose the revolutionary strategies make drastic changes to organisational strategy and structure. Instead of making changes one by one, they wait until change is really necessary and then make all the changes simultaneously.

The revolutionary change, which is otherwise known as top down change calls for intervention of the top management. This involves massive dislocation and the uncertainty. This approach is preferred because it is the only way in which an organisation can overcome the inertia that threatens efforts to restructure the company.

As against the revolutionary change, evolutionary change depends on bottom up change strategy. The change is carried out through incremental steps in which all the employees may be involved in decision-making and implementation. Top management also guides the actions and make sure that they are in conformity with overall corporate objectives. However, this strategy requires longer period of implementation than top down change.

The evolutionary change facilitates organisational learning and allows the organisation to respond to changing environment. The revolutionary strategy can be implemented by employing one of the following three approaches:

- i) **Re-engineering:** Re-engineering involves the re-thinking and re-design of business process to increase organisational effectiveness. The attention will be on the business processes rather than the organisational functions.
- ii) **Re-structuring:** Restructuring is a second form of revolutionary change. There are two basic steps to re-structuring:

- An organisation reduces its level of differentiation and integration by eliminating divisions or departments
- An organisation downsizes the number of its employees to reduce operating cost.
- Change in the relationships between divisions or functions are common in restructuring.

iii) **Innovation:** Innovation is the process by which organisations use their skills and resources to develop new goods and services or to develop new production and operating system. The objective is to meet the needs of customers in the best possible manner. However, innovation is also associated with high level of risk because the results of research and development activities are often uncertain.

The other classification of change strategies is on the basis of methods usually used in making the employees accept the changes. These methods are as follows:

- i) **Force Coersion Strategy:** Under this strategy, rewards or punishments are applied to induce or to force the employees to accept the change. The effects of this strategy continue as long as the rewards or punishments are effective.
- ii) **Rational Persuasion Strategy:** Under this strategy, an attempt is made to make the employees to accept the change through the use of special knowledge, empirical support or rational arguments. This strategy is also known as empirical-rational strategy. When this strategy succeeds, it results in a longer and more internalised acceptance than the force coercion strategy.
- iii) **Shared Power Strategy:** This involves inviting the employees to participate in decision-making relating to the proposed change. This strategy is also known as normative re-educative approach, which tries to develop directions and support for change through involvement and empowerment. This strategy lasts long and internalises change. Look at Figure 18.5 which shows the strategies of change.

Figure 18.5 : Strategies of Change

(Source : Adopted from: Organisational Behaviour, Schermerhorn, Hunt & Osborn. Page: 399)

Activity E

Study the change process in an organisation and identify whether the change is evolutionary or revolutionary.

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18.9 BUILDING EFFECTIVE ORGANISATION

An effective organisation is the one, which utilises its resources in a way that maximizes the organisations ability to create a value. In other words an organisation is effective if it can :

- Secure scarce and valued skills and resources from outside the organisation. (external resource effectiveness).
- Creatively co-ordinate resources with employees' skills to innovate products and adopt to changing customer needs. (internal systems effectiveness).
- Efficiently convert skills and resources into finished goods and services (technical effectiveness).

Let us now consider these three effectiveness in detail.

- i) **External Resource Effectiveness :** The organisations control over the external environment. The organisations ability to influence the stakeholders' perceptions in its favour and to receive a positive evaluation by external stakeholders are very important to the organisations survival. The effectiveness of organisations control over the environment is measured with the help of indicators such as stock price, profitability, return on investment etc. which the shareholders judge how well the management is controlling its environment.
- ii) **Internal Systems Effectiveness :** The effectiveness of an organisation also depends on how does the organisation function effectively. It should have a structure and a culture, which permit adoptability and quick responses to changing conditions in the environment. The organisation should be flexible so that it can speed up decision-making and rapidly innovate production services. High degree of employees co-ordination and motivation will have direct impact on organisations ability to respond to its environment.
- iii) **Technical Effectiveness :** This consists of how can an organisation convert its skills and resources into finished goods and services effectively. Technical effectiveness is measured in terms of productivity and efficiency. Increase in production without increase of cost or reduction per unit cost are all examples of technical effectiveness. Productivity measures the effectiveness of the organisations production operations. Employees attitude and motivation and their desire to co-operate are also important in influencing productivity and efficiency.

An organisation may be effective in one area but not in others. The overall effectiveness of an organisation is ensured with the existence of the effectiveness of all the three components – external resources, internal systems and technical matters. Managers have to take steps in developing effectiveness in all these three tasks. Failure in the part of the organisation in any one or more of these areas will result in ineffective organisation.

Factors in Building Effective Organisation

The following are some of the factors to be considered for building effective organisation.

Sensitivity Training : This is a method of changing behaviour through unstructured group interaction. The employees are brought together in free open environment. They discuss among themselves and thus they learn through serving and participating.

Survey Feedback : This method consists of using questionnaires to identify discrepancies among member's perceptions; arranging discussion among the members on their perceptions and suggesting remedies.

Process Consultation: Under this method, an outside consultant is employed to assist the organisation to perceive, understand and act upon process events. This helps the managers to take remedial steps to improve the situation.

Team Building: Modern organisations are increasingly relying on team to accomplish work tasks. Team building utilises high interaction in group activities to increase trust and openness among team members. The objective is to improve efforts of members, which will result in increased teams' performance.

Inter Group Development: This method aims at changing the attitudes and perceptions of different groups towards each other. Each group meets independently to develop lists of its own perception and the perception of other groups. The groups then exchange their lists, after which similarities and differences are discussed. Thus, an attempt is made to sort out the differences and reach the stage of integration. In this way, the relations among the groups are improved.

Innovation: Innovation is a new idea applied to initiating or improving a product, process or service. The effectiveness of the organisation depends to a large extent on its innovativeness. Innovativeness can be developed in all the functional areas of management.

Creating a Learning Organisation: A learning organisation is an organisation that has developed the continuous capacity to adopt and change. Just as individuals learn organisations also learn. An organisation can be a continuous learner by :

- Establishing a strategy for change, innovation and continuous improvement;
- Re-designing the organisation structure to facilitate the continuous learning by all the departments and employees; by reshaping the organisations culture to suit the continuous learning.

Activity F

- 1) Observe the strategies adopted in any organisation in bringing change and give an example with explanation where the Force Coersion strategy has been adopted to bring change in the organisation.

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- 2) Observe the strategies adopted in any organisation in bringing change and give an example with explanation where the Rational Persuasion strategy has been adopted to bring change in the organisation.

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- 3) Observe the strategies adopted in any organisation in bringing change and give an example with explanation where the Shared power strategy has adopted to bring change in the organisation.

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18.10 LET US SUM UP

Organisational change refers to the replacement of existing system to a new system. It may result in some opportunities, challenges as well as hardships. Both internal and external forces influence the process of change in an organisation. A successful change process involves three steps; i.e., identification of need for change, cultivation of new behaviour and feeling comfortable with the new situation. Lewin's model and Continuous process model explain the process of the change.

As the change is introduced in an organisation, it may face the resistance by the organisational members. Both individual and organisation may resist the change. Organisation may deal with the resistance to change through : education and communication, participation and involvement, facilitation and support, negotiation and incentives, manipulation and cooptation and coercion.

The process of change requires to be managed in a careful and systematic way. The factors influencing successful management of organisational change should be considered for this purpose. The major targets of change are : human resources functional resources, technological capabilities and organisational abilities. An appropriate strategy for implementing the change should be devised considering both evolutionary and

revolutionary changes. An effective organisation is required for using its resources for creating the optimum value. The organisation should focus on external resource effectiveness, internal system effectiveness and technical effectiveness for this purpose. The factors to be considered for building effective organisation are : sensitivity training, survey feedback, process consultation, team building, inter group development, innovation and creating a learning organisation.

18.11 KEY WORDS

Change agent: A person responsible for managing a change effort.

Change: It is the movement from the old way to a new way of doing things.

Coercion: Application of direct threats or force upon the resistors.

Coercive power: The extent to which a person has the ability to punish physically or psychologically.

Decision-making: The process of choosing a course of action.

Empowerment: The process of enabling workers to set their work goals, make decisions and solve problems within their sphere of responsibility and authority.

Evolutionary change: Change that is gradual, incremental and specifically focused.

Group: Two or more people who interact with one another such that each person influences and is influenced by the other person.

Innovation: The process of creating and doing new things

Moving phase: It involves taking action to modify a situation by changing things such as the people, tasks, structure, and technology of the organisation.

Organisation: A group of people working together to attain common goals.

Organisational change: It is the process by which organisations move from their present state to some desired future state to increase their effectiveness.

Organisational structure: The system of task, reporting and authority relationships within which the organisation does its work.

Planned change: It is the deliberate design and implementation of structural innovation, a new policy or goal, or a change in operating philosophy, climate or style.

Process consultation: Helps groups improve on such things as norms, cohesiveness, communication, decision-making methods, conflict, task, and maintenance activities.

Re-engineering: The radical redesign of organisational processes to achieve major gains in cost, time and provision of services.

Refreezing: The process of making new behaviours relatively permanent and resistant to further change.

Resistance to change: An attitude or behavior that shows unwillingness to make or support a change.

Restructuring: Change in the relationships between divisions or functions in the organisation.

Revolutionary change: Sudden, drastic, and organisations wide change.

Unfreezing: The process by which people become aware of the need for change.

18.12 TERMINAL QUESTIONS

- 1) What are the major forces and resistance to change? How does organisations should manage the change process?
- 2) What is organisational change? Discuss the forces influencing the organisational change?
- 3) Explain in detail the external and internal forces of organisational change. Which one do you think is more prominent?
- 4) How do evolutionary change and revolutionary change differ, under what conditions managers choose one approach or the other?
- 5) What suggestions do you offer for managing organisational change successfully?
- 6) What are the important elements to be targeted for change in an industrial organisation?
- 7) How does Lewin's three-step model explain the process of change?
- 8) What are the steps to be initiated for building an effective organisation? Discuss with examples.
- 9) What is meant by effective organisation? Explain the factors influencing the effectiveness of an organisation?

Note : These questions will help you to understand the unit better. Try to write answers for them. Do not submit your answers to the university for assessment. These are for your practice only.

Reinforcing and making permanent the new tasks, technologies and relations

- Individual components
- Group components
- Task components
- Structural components
- Technology components
- Identifying the need for change
- Increasing the driving forces to change
- Reducing the resisting
- forces to change

Refreezing

Moving

Unfreezing

Change Agent

Transition Management

Implement the Change

Problem solving Process

Recognise and Define Problem

Forces for Change

Measure Evaluate Control

●	Habit
●	Security
●	Economic Factors
●	Fear of Unknown
●	Lack of Awareness
●	Social Factors
●	Structural Inertia
●	Limited Focus of Change
●	Group Inertia
●	Threat to Expertise
●	Threat to established power relations
●	Resource Allocation

Organisational

Individual

Human Resources

Functional Resources

Change Targets

Technical Capabilities

Organisational Abilities

Change agent behaviour

Unilateral action “command”

Rational persuasion; Expert testimony;
Demonstration projects
Empowerment;

Participative decisions

Change Strategy

Force coercion

Rational Persuasion

Shared power

Predicted Outcomes

Temporary compliance

Long-term internationalization

Long-term internationalization

Power Base

Rewards
Punishments
Legitimacy

Expertise

Reference
